

AMENDED IN SENATE JUNE 19, 2014

AMENDED IN SENATE JUNE 3, 2014

AMENDED IN ASSEMBLY APRIL 30, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2347**

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**Introduced by Assembly Member Gonzalez**

February 21, 2014

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An act to amend, *repeal, and add* Sections 786, 10127.9, 10127.10, 10127.13, and 10509.6 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2347, as amended, Gonzalez. Insurance policies.

(1) Existing law requires that a disability insurance policy or life insurance policy and certificate offered for sale to individuals 65 years of age or older in California provide a 30-day examination period during which the applicant may return the contract and receive a refund of all premiums and any membership fee paid. This information is required to be disclosed on the cover sheet of the policy or certificate, in no less than 10-point uppercase type. Existing law allows the applicant to return the policy or certificate by regular mail.

This bill would specify that those requirements apply to individual and group disability and group life insurance policies and certificates. The bill would require that the notice be in 12-point bold type on the front of the policy jacket or on the cover sheet of the policy or certificate. The bill would allow the policyholder or certificate holder to return the policy or certificate by mail or other delivery method. The bill would also require an insurer, its agent, group master policyowner, or association that collects more than one month's premium from an

individual who is 60 years of age or older on the date he or she purchased the coverage to provide that person a prorated refund of the premium if the person delivers a cancellation request during the first 30 days of the policy period.

(2) Existing law requires a policy of individual life insurance that is initially delivered or issued for delivery in the state on and after January 1, 1990, to have printed thereon or attached thereto a specified notice of cancellation rights.

This bill would require that disclosure to be printed on the front of the policy jacket or on the cover page of every individual life insurance policy and individual annuity contract.

(3) Existing law requires specified disclosures, in all capital letters, pertaining to cancellation and refunds, to the consumers of variable individual life insurance policies and variable annuity contracts, and of consumers of individual life insurance policies other than variable contracts and modified guaranteed contracts. Existing law requires an insurer to include in those disclosures that the applicant may be charged a surrender charge or penalty if he or she cancels the policy after the 30-day period, unless the policy does not contain surrender charges or penalties.

This bill would additionally require that those disclosures be included with a modified guaranteed annuity contract, and would instead require that the disclosure be made in lowercase type. This bill would also require an insurer that calls a surrender charge a “withdrawal penalty” to disclose that fact, as specified.

(4) Existing law requires all individual life insurance policies and individual annuity contracts for senior citizens that contain a surrender charge period to either disclose the surrender period and all associated penalties in 12-point bold print on the cover sheet of the policy or disclose the location of the surrender information in bold 12-point print on the cover page of the policy or printed on a sticker that is affixed to the cover page or to the policy jacket.

This bill would instead require those policies and contracts that contain a charge upon surrender, partial surrender, excess withdrawal, or penalties upon surrender to contain a notice disclosing the location of the charge, the charge time period, the charge information, and any associated penalty information in bold 12-point print on the front of the policy jacket or on the single cover page of the policy. This bill would also require that notice and the statutorily required right to examine notice to appear on the same page if both notices are on the cover page.

The bill would also make conforming changes.

(5) *This bill would make its provisions operative on July 1, 2015.*

Vote: majority. Appropriation: no. Fiscal committee: no.

State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     *SECTION 1. Section 786 of the Insurance Code is amended to*  
2     *read:*

3     786. All disability insurance and life insurance policies and  
4     certificates offered for sale to individuals age 65 or older in  
5     California shall provide an examination period of 30 days after  
6     the receipt of the policy or certificate for purposes of review of  
7     the contract, at which time the applicant may return the contract.  
8     The return shall void the policy or certificate from the beginning,  
9     and the parties shall be in the same position as if no contract had  
10    been issued. All premiums paid and any policy or membership fee  
11    shall be fully refunded to the applicant by the insurer or entity in  
12    a timely manner.

13    (a) For the purposes of this section a timely manner shall be no  
14    later than 30 days after the insurer or entity issuing the policy or  
15    certificate receives the returned policy or certificate.

16    (b) If the insurer or entity issuing the policy or certificate fails  
17    to refund all of the premiums paid, in a timely manner, then the  
18    applicant shall receive interest on the paid premium at the legal  
19    rate of interest on judgments as provided in Section 685.010 of  
20    the Code of Civil Procedure. The interest shall be paid from the  
21    date the insurer or entity received the returned policy or certificate.

22    (c) Each policy or certificate shall have a notice prominently  
23    printed in no less than 10-point uppercase type, on the cover page  
24    of the policy or certificate and the outline of coverage, stating that  
25    the applicant has the right to return the policy or certificate within  
26    30 days after its receipt via regular mail, and to have the full  
27    premium refunded.

28    (d) In the event of any conflict between this section and Section  
29    10127.10 with respect to life insurance, the provisions of Section  
30    10127.10 shall prevail.

31    (e) *This section shall become inoperative on July 1, 2015, and,*  
32    *as of January 1, 2016, is repealed, unless a later enacted statute,*

1 *that becomes operative on or before January 1, 2016, deletes or*  
2 *extends the dates on which it becomes inoperative and is repealed.*

3 *SEC. 2. Section 786 is added to the Insurance Code, to read:*

4 *786. All individual and group disability insurance policies and*  
5 *certificates, and all group life insurance policies and certificates*  
6 *offered for sale to individuals age 65 or older in California shall*  
7 *provide an examination period of 30 days after the receipt of the*  
8 *policy or certificate for purposes of review of the contract. If the*  
9 *policyholder or certificate holder chooses to cancel the policy or*  
10 *certificate and returns the policy or certificate for cancellation,*  
11 *by mail or other delivery method, within the 30-day examination*  
12 *period, the return shall void the policy or certificate from the*  
13 *beginning, and the parties shall be in the same position as if a*  
14 *policy or certificate had not been issued. All premiums paid and*  
15 *any policy or membership fee paid shall be fully refunded to the*  
16 *policyholder or certificate holder by the insurer or entity in a*  
17 *timely manner.*

18 *(a) For the purposes of this section, a timely manner is no later*  
19 *than 30 days after the insurer or entity issuing the policy or*  
20 *certificate receives the returned policy or certificate.*

21 *(b) If the insurer or entity issuing the policy or certificate fails*  
22 *to refund all of the premiums and any policy or membership fee*  
23 *paid, in a timely manner, the policyholder or certificate holder*  
24 *shall receive interest on the paid premium and policy or*  
25 *membership fee at the legal rate of interest on judgments as*  
26 *provided in Section 685.010 of the Code of Civil Procedure. The*  
27 *interest shall be paid from the date the insurer or entity received*  
28 *the returned policy or certificate.*

29 *(c) Each policy or certificate shall have a notice prominently*  
30 *printed in no less than 12-point bold print, on the front of the policy*  
31 *jacket or on the cover page of the policy or certificate and the*  
32 *outline of coverage, stating that the policyholder or certificate*  
33 *holder, as applicable, has the right to return the policy or*  
34 *certificate, by mail or other delivery method, within 30 days after*  
35 *its receipt, and to have the full premium and any policy or*  
36 *membership fee paid refunded.*

37 *(d) If, at the time of application or at the time of delivery of a*  
38 *group term life insurance policy or certificate, an insurer, its agent,*  
39 *group master policyowner, or association collects more than one*  
40 *month's premium from an individual who is 60 years of age or*

1 *older on the date he or she purchased coverage, the insurer shall*  
2 *provide the individual with a prorated refund of the premium if*  
3 *the individual delivers a cancellation request to the insurer during*  
4 *the first 30 days of the policy period.*

5 *(e) This section shall become operative on July 1, 2015.*

6 *SEC. 3. Section 10127.9 of the Insurance Code is amended to*  
7 *read:*

8 10127.9. (a) Every policy of individual life insurance which  
9 is initially delivered or issued for delivery in this state on and after  
10 January 1, 1990, shall have printed thereon or attached thereto a  
11 notice stating that, after receipt of the policy by the owner, the  
12 policy may be returned by the owner for cancellation by delivering  
13 it or mailing it to the insurer or to the agent through whom it was  
14 purchased. The period of time set forth by the insurer for return  
15 of the policy by the insured shall be clearly stated on the notice  
16 and this period shall be not less than 10 days nor more than 30  
17 days. The insured may return the policy to the insurer by mail or  
18 otherwise at any time during the period specified in the notice. In  
19 the case of individual life insurance policies (other than variable  
20 contracts and modified guaranteed contracts), by delivering or  
21 mailing the policy pursuant to this section during the cancellation  
22 period, the owner shall void the policy from the beginning, and  
23 the parties shall be in the same position as if no policy had been  
24 issued. All premiums paid and any policy fee paid for the policy  
25 shall be refunded by the insurer to the owner within 30 days from  
26 the date that the insurer is notified that the insured has canceled  
27 the policy. In the case of variable annuity contracts, variable life  
28 insurance contracts, and modified guaranteed contracts, return of  
29 the contract during the cancellation period shall entitle the owner  
30 to a refund of account value and any policy fee paid for the policy.  
31 The account value and policy fee shall be refunded by the insurer  
32 to the owner within 30 days from the date that the insurer is notified  
33 that the owner has canceled the policy.

34 (b) This section applies to all policies issued or delivered in this  
35 state on or after January 1, 1990, but does not apply to any policy  
36 subject to Section 10127.7. All policies subject to this section  
37 which are in effect on January 1, 1990, shall be construed to be in  
38 compliance with this section, and any provision in any policy  
39 which is in conflict with this section shall be of no force or effect.

(c) This section does not apply to individual life insurance policies issued in connection with a credit transaction or issued under a contractual policy-change or conversion privilege provision contained in a policy.

(d) *This section shall become inoperative on July 1, 2015, and, as of January 1, 2016, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2016, deletes or extends the dates on which it becomes inoperative and is repealed.*

SEC. 4. *Section 10127.9 is added to the Insurance Code, to read:*

10127.9. (a) (1) *Every individual life insurance policy and every individual annuity contract that is initially delivered or issued for delivery in this state on and after January 1, 1990, shall have printed on the front of the policy jacket or on the cover page a notice stating that, after receipt of the policy by the owner, the policy may be returned by the owner for cancellation by mail or other delivery method to the insurer or to the agent through whom it was purchased. The period of time set forth by the insurer for return of the policy by the owner shall be clearly stated and this period shall be not less than 10 days nor more than 30 days.*

(2) *The owner may return the policy to the insurer by mail or other delivery method at any time during the period specified in the notice. In the case of individual nonvariable life insurance policies and individual nonvariable annuity contracts, including modified guaranteed contracts, by delivering or mailing the policy pursuant to this section during the cancellation period, the owner shall void the policy from the beginning, and the parties shall be in the same position as if no policy had been issued. All premiums paid and any policy fee paid for the policy shall be refunded by the insurer to the owner within 30 days from the date that the insurer is notified that the owner has canceled the policy. In the case of individual variable annuity contracts and individual variable life insurance policies, return of the policy during the cancellation period shall entitle the owner to a refund of the account value and any policy fee paid for the policy. The account value and policy fee shall be refunded by the insurer to the owner within 30 days from the date that the insurer is notified that the owner has canceled the policy.*

(b) *This section applies to all individual policies issued or delivered in this state on or after January 1, 1990, but does not*

1 *apply to any policy subject to Section 10127.7. All policies subject*  
2 *to this section which are in effect on January 1, 1990, shall be*  
3 *construed to be in compliance with this section, and any provision*  
4 *in any policy which is in conflict with this section shall be of no*  
5 *force or effect.*

6 *(c) This section does not apply to individual life insurance*  
7 *policies issued in connection with a credit transaction or issued*  
8 *under a contractual policy-change or conversion privilege*  
9 *provision contained in a policy.*

10 *(d) General references to “policy” or “policies” in this section*  
11 *refer to both life insurance policies and annuity contracts.*

12 *(e) This section shall become operative on July 1, 2015.*

13 *SEC. 5. Section 10127.10 of the Insurance Code is amended*  
14 *to read:*

15 10127.10. (a) Every policy of individual life insurance and  
16 every individual annuity contract that is initially delivered or issued  
17 for delivery to a senior citizen in this state on and after July 1,  
18 2004, shall have printed thereon or attached thereto a notice stating  
19 that, after receipt of the policy by the owner, the policy may be  
20 returned by the owner for cancellation by delivering it or mailing  
21 it to the insurer or agent from whom it was purchased. The period  
22 of time set forth by the insurer for return of the policy by the owner  
23 shall be clearly stated on the notice and this period shall be not  
24 less than 30 days. The owner may return the policy to the insurer  
25 by mail or otherwise at any time during the period specified in the  
26 notice. During the 30-day cancellation period, the premium for a  
27 variable annuity may be invested only in fixed-income investments  
28 and money-market funds, unless the investor specifically directs  
29 that the premium be invested in the mutual funds underlying the  
30 variable annuity contract. Return of the policy within the 30-day  
31 cancellation period shall have one of the following effects:

32 (1) In the case of individual life insurance policies and variable  
33 annuity contracts for which the owner has not directed that the  
34 premium be invested in the mutual funds underlying the contract  
35 during the cancellation period, return of the policy during the  
36 cancellation period shall have the effect of voiding the policy from  
37 the beginning, and the parties shall be in the same position as if  
38 no policy had been issued. All premiums paid and any policy fee  
39 paid for the policy shall be refunded by the insurer to the owner  
40 within 30 days from the date that the insurer is notified that the

owner has canceled the policy. The premium and policy fee shall be refunded by the insurer to the owner within 30 days from the date that the insurer is notified that the owner has canceled the policy.

(2) In the case of a variable annuity for which the owner has directed that the premium be invested in the mutual funds underlying the contract during the 30-day cancellation period, cancellation shall entitle the owner to a refund of the account value. The account value shall be refunded by the insurer to the owner within 30 days from the date that the insurer is notified that the owner has canceled the contract.

(b) This section applies to all individual policies issued or delivered to senior citizens in this state on or after January 1, 2004. All policies subject to this section which are in effect on January 1, 2003, shall be construed to be in compliance with this section, and any provision in any policy which is in conflict with this section shall be of no force or effect.

(c) Every individual life insurance policy and every individual annuity contract, other than variable contracts and modified guaranteed contracts, subject to this section, that is delivered or issued for delivery in this state shall have the following notice either printed on the cover page or policy jacket in 12-point bold print with one inch of space on all sides or printed on a sticker that is affixed to the cover page or policy jacket:

**“IMPORTANT**

**YOU HAVE PURCHASED A LIFE INSURANCE POLICY OR ANNUITY CONTRACT. CAREFULLY REVIEW IT FOR LIMITATIONS.**

**THIS POLICY MAY BE RETURNED WITHIN 30 DAYS FROM THE DATE YOU RECEIVED IT FOR A FULL REFUND BY RETURNING IT TO THE INSURANCE COMPANY OR AGENT WHO SOLD YOU THIS POLICY. AFTER 30 DAYS, CANCELLATION MAY RESULT IN A SUBSTANTIAL PENALTY, KNOWN AS A SURRENDER CHARGE.”**

The phrase “after 30 days, cancellation may result in a substantial penalty, known as a surrender charge” may be deleted if the policy does not contain those charges or penalties.



(d) Every individual variable annuity contract, variable life insurance contract, or modified guaranteed contract subject to this section, that is delivered or issued for delivery in this state, shall have the following notice either printed on the cover page or policy jacket in 12-point bold print with one inch of space on all sides or printed on a sticker that is affixed to the cover page or policy jacket:

“IMPORTANT

YOU HAVE PURCHASED A VARIABLE ANNUITY CONTRACT (VARIABLE LIFE INSURANCE CONTRACT, OR MODIFIED GUARANTEED CONTRACT). CAREFULLY REVIEW IT FOR LIMITATIONS.

THIS POLICY MAY BE RETURNED WITHIN 30 DAYS FROM THE DATE YOU RECEIVED IT. DURING THAT 30-DAY PERIOD, YOUR MONEY WILL BE PLACED IN A FIXED ACCOUNT OR MONEY-MARKET FUND, UNLESS YOU DIRECT THAT THE PREMIUM BE INVESTED IN A STOCK OR BOND PORTFOLIO UNDERLYING THE CONTRACT DURING THE 30-DAY PERIOD. IF YOU DO NOT DIRECT THAT THE PREMIUM BE INVESTED IN A STOCK OR BOND PORTFOLIO, AND IF YOU RETURN THE POLICY WITHIN THE 30-DAY PERIOD, YOU WILL BE ENTITLED TO A REFUND OF THE PREMIUM AND POLICY FEES. IF YOU DIRECT THAT THE PREMIUM BE INVESTED IN A STOCK OR BOND PORTFOLIO DURING THE 30-DAY PERIOD, AND IF YOU RETURN THE POLICY DURING THAT PERIOD, YOU WILL BE ENTITLED TO A REFUND OF THE POLICY’S ACCOUNT VALUE ON THE DAY THE POLICY IS RECEIVED BY THE INSURANCE COMPANY OR AGENT WHO SOLD YOU THIS POLICY, WHICH COULD BE LESS THAN THE PREMIUM YOU PAID FOR THE POLICY. A RETURN OF THE POLICY AFTER 30 DAYS MAY RESULT IN A SUBSTANTIAL PENALTY, KNOWN AS A SURRENDER CHARGE.”

The words “known as a surrender charge” may be deleted if the contract does not contain those charges.

(e) This section does not apply to life insurance policies issued in connection with a credit transaction or issued under a contractual

1 policy-change or conversion privilege provision contained in a  
2 policy. Additionally, this section shall not apply to contributory  
3 and noncontributory employer group life insurance, contributory  
4 and noncontributory employer group annuity contracts, and group  
5 term life insurance, with the exception of subdivision (f).

6 (f) When an insurer, its agent, group master policyowner, or  
7 association collects more than one month's premium from a senior  
8 citizen at the time of application or at the time of delivery of a  
9 group term life insurance policy or certificate, the insurer must  
10 provide the senior citizen a prorated refund of the premium if the  
11 senior citizen delivers a cancellation request to the insurer during  
12 the first 30 days of the policy period.

13 (g) For purposes of this chapter, a senior citizen means an  
14 individual who is 60 years of age or older on the date of purchase  
15 of the policy.

16 (h) *This section shall become inoperative on July 1, 2015, and,*  
17 *as of January 1, 2016, is repealed, unless a later enacted statute,*  
18 *that becomes operative on or before January 1, 2016, deletes or*  
19 *extends the dates on which it becomes inoperative and is repealed.*

20 SEC. 6. Section 10127.10 is added to the Insurance Code, to  
21 read:

22 10127.10. (a) Every policy of individual life insurance and  
23 every individual annuity contract that is initially delivered or issued  
24 for delivery to a senior citizen in this state on and after July 1,  
25 2004, shall have printed on the front of the policy jacket or on the  
26 cover page a notice stating that, after receipt of the policy by the  
27 owner, the policy may be returned by the owner for cancellation  
28 by mail or other delivery method to the insurer or agent from whom  
29 it was purchased. The period of time set forth by the insurer for  
30 return of the policy by the owner shall be clearly stated in the  
31 notice and this period shall be not less than 30 days. The owner  
32 may return the policy to the insurer by mail or other delivery  
33 method at any time during the period specified in the notice. During  
34 the 30-day cancellation period, the premium for an individual  
35 variable life insurance policy or an individual variable annuity  
36 contract may be invested only in fixed-income investments and  
37 money-market funds, unless the owner specifically directs that the  
38 premium be invested in the mutual funds underlying the variable  
39 life insurance policy or variable annuity contract. Return of the

1 *policy within the 30-day cancellation period shall have one of the*  
2 *following effects:*

3 *(1) In the case of individual variable life insurance policies and*  
4 *individual variable annuity contracts for which the owner has not*  
5 *directed that the premium be invested in the mutual funds*  
6 *underlying the policy during the cancellation period, return of the*  
7 *policy during the cancellation period shall have the effect of*  
8 *voiding the policy from the beginning, and the parties shall be in*  
9 *the same position as if no policy had been issued. All premiums*  
10 *paid and any policy fee paid for the policy shall be refunded by*  
11 *the insurer to the owner within 30 days from the date that the*  
12 *insurer is notified that the owner has canceled the policy.*

13 *(2) In the case of individual variable life insurance policies and*  
14 *individual variable annuity contracts for which the owner has*  
15 *directed that the premium be invested in the mutual funds*  
16 *underlying the policy during the 30-day cancellation period,*  
17 *cancellation shall entitle the owner to a refund of the account value*  
18 *and any policy fee paid for the policy. The account value shall be*  
19 *refunded by the insurer to the owner within 30 days from the date*  
20 *that the insurer is notified that the owner has canceled the policy.*

21 *(b) This section applies to all individual life insurance policies*  
22 *and all individual annuity contracts issued or delivered to senior*  
23 *citizens in this state on or after January 1, 2004. All policies subject*  
24 *to this section which are in effect on January 1, 2003, shall be*  
25 *construed to be in compliance with this section, and any provision*  
26 *in any policy which is in conflict with this section shall be of no*  
27 *force or effect.*

28 *(c) Every individual nonvariable life insurance policy and every*  
29 *individual nonvariable annuity contract, including modified*  
30 *guaranteed annuity contracts, subject to this section, that is*  
31 *delivered or issued for delivery in this state shall have the following*  
32 *notice printed on the front of the policy jacket or on the cover page*  
33 *in 12-point bold print with one inch of space on all sides, using*  
34 *the exact language in quotation marks below, with whichever one*  
35 *of the three bracketed product descriptions that applies to the*  
36 *product on which the notice appears:*

1 “IMPORTANT!

2  
3 *You have purchased a [life insurance policy], [annuity contract],*  
4 *[modified guaranteed annuity contract], referred to below as a*  
5 *“policy.” Carefully review it for limitations.*

6 *This policy may be returned within 30 days from the date you*  
7 *received it for a full refund by returning it to the insurance*  
8 *company or agent who sold you this policy. After 30 days,*  
9 *cancellation may result in a substantial penalty, known as a*  
10 *surrender charge.”*

11  
12 *The sentence “After 30 days, cancellation may result in a*  
13 *substantial penalty, known as a surrender charge” may be deleted*  
14 *if the policy does not contain a surrender charge. The phrase*  
15 *“known as a surrender charge” may be deleted if the policy*  
16 *contains a penalty but no surrender charge. If the policy contains*  
17 *both a penalty, or penalties, and a surrender charge, the sentence*  
18 *shall state that cancellation may result in “substantial penalties,*  
19 *including a surrender charge.” Whether a charge constitutes a*  
20 *surrender charge or a penalty shall be determined by the nature*  
21 *of the charge and not the name given to the charge by the insurer.*  
22 *If the surrender charge is called a “withdrawal charge” in the*  
23 *policy, the insurer shall add the following sentence at the end of*  
24 *the notice:*

25 *“In this policy the surrender charge is called a ‘withdrawal*  
26 *charge.’”*

27 *(d) Every individual variable life insurance policy and every*  
28 *individual variable annuity contract subject to this section, that*  
29 *is delivered or issued for delivery in this state, shall have the*  
30 *following notice printed on the front of the policy jacket or on the*  
31 *cover page in 12-point bold print with one inch of space on all*  
32 *sides, using the exact language in quotation marks below, with*  
33 *whichever one of the two bracketed product descriptions that*  
34 *applies to the product on which the notice appears:*

35  
36 “IMPORTANT!

37  
38 *You have purchased a [variable life insurance policy], [variable*  
39 *annuity contract], referred to below as a “policy.” Carefully*  
40 *review it for limitations.*

1     *This policy may be returned within 30 days from the date you*  
2     *received it. During that 30-day period, your money will be placed*  
3     *in a fixed account or money-market fund, unless you direct that*  
4     *the premium be invested in a stock or bond portfolio underlying*  
5     *the policy during the 30-day period. If you do not direct that the*  
6     *premium be invested in a stock or bond portfolio, and if you return*  
7     *the policy within the 30-day period, you will be entitled to a refund*  
8     *of the premium and any policy fee paid. If you direct that the*  
9     *premium be invested in a stock or bond portfolio during the 30-day*  
10    *period, and if you return the policy during that period, you will*  
11    *be entitled to a refund of the policy's account value on the day the*  
12    *policy is received by the insurance company or agent who sold*  
13    *you this policy, which could be less than the premium you paid for*  
14    *the policy, plus any policy fee paid. A return of the policy after 30*  
15    *days may result in a substantial penalty, known as a surrender*  
16    *charge."*

17  
18    *The sentence "A return of the policy after 30 days may result in*  
19    *a substantial penalty, known as a surrender charge" may be*  
20    *deleted if the policy does not contain a surrender charge. If the*  
21    *policy contains both a penalty, or penalties, and a surrender*  
22    *charge, the sentence shall state that cancellation may result in*  
23    *"substantial penalties, including a surrender charge." The phrase*  
24    *"known as a surrender charge" may be deleted if the policy*  
25    *contains a penalty but no surrender charge. Whether or not a*  
26    *charge constitutes a surrender charge or a penalty will be*  
27    *determined by the nature of the charge and not the name given to*  
28    *the charge by the insurer. If the surrender charge is called a*  
29    *"withdrawal charge" in the policy, the insurer shall add the*  
30    *following sentence at the end of the notice:*

31    *"In this policy the surrender charge is called a 'withdrawal*  
32    *charge.'"*

33    *(e) If the individual annuity contract is an immediate annuity*  
34    *contract, the following sentence, using the exact language in*  
35    *quotation marks below, in 12-point bold print, shall be added at*  
36    *the end of the right to examine language required by this section*  
37    *and before the one inch of space:*

38  
39    *"After the 30-day period has expired, you may not be able to*  
40    *get your purchase payment money back in any manner, or in any*

1 manner other than in annuity payments made according to the  
2 terms of your contract. The insurance company or agent who sold  
3 you this contract can explain if your contract has these  
4 restrictions.”

5  
6 (f) This section does not apply to life insurance policies issued  
7 in connection with a credit transaction or issued under a  
8 contractual policy-change or conversion privilege provision  
9 contained in a policy.

10 (g) For purposes of this chapter, a senior citizen means an  
11 individual who is 60 years of age or older on the date of purchase  
12 of the policy.

13 (h) General references to “policy” or “policies” in this section  
14 refer to both life insurance policies and annuity contracts.

15 (i) This section shall become operative on July 1, 2015.

16 SEC. 7. Section 10127.13 of the Insurance Code is amended  
17 to read:

18 10127.13. (a) All individual life insurance policies and  
19 individual annuity contracts for senior citizens that contain a  
20 surrender charge period shall either disclose the surrender period  
21 and all associated penalties in 12-point bold print on the cover  
22 sheet of the policy or disclose the location of the surrender  
23 information in bold 12-point print on the cover page of the policy,  
24 or printed on a sticker that is affixed to the cover page or to the  
25 policy jacket. The notice required by this section may appear on  
26 a cover sheet that also contains the disclosure required by  
27 subdivision (d) of Section 10127.10.

28 (b) This section shall become inoperative on July 1, 2015, and,  
29 as of January 1, 2016, is repealed, unless a later enacted statute,  
30 that becomes operative on or before January 1, 2016, deletes or  
31 extends the dates on which it becomes inoperative and is repealed.

32 SEC. 8. Section 10127.13 is added to the Insurance Code, to  
33 read:

34 10127.13. (a) All individual life insurance policies and  
35 individual annuity contracts for senior citizens that contain a  
36 charge upon surrender, partial surrender, excess withdrawal, or  
37 penalties upon surrender shall contain a notice disclosing the  
38 location of the charge, the charge time period, the charge  
39 information, and any associated penalty information, in bold

1 *12-point print on the front of the policy jacket or on the cover page*  
2 *of the policy.*

3 *(b) A policy shall have just one cover page. If the notice required*  
4 *by this section and the statutorily required right to examine notice*  
5 *are both on the cover page, as opposed to the front cover of the*  
6 *policy jacket, they shall appear on the same page.*

7 *(c) General references to “policy” in this section refer to both*  
8 *life insurance policies and annuity contracts.*

9 *(d) This section shall become operative on July 1, 2015.*

10 *SEC. 9. Section 10509.6 of the Insurance Code is amended to*  
11 *read:*

12 10509.6. Every life insurer that uses an agent in a life insurance  
13 or annuity sale shall do the following:

14 (a) Require with or as part of each completed application for  
15 life insurance or annuity, a statement signed by the agent as to  
16 whether he or she knows replacement is or may be involved in the  
17 transaction.

18 (b) Where a replacement is involved:

19 (1) Require from the agent with the application for life insurance  
20 or annuity: (i) a list of all of the applicant’s existing life insurance  
21 or annuity to be replaced, and (ii) a copy of the replacement notice  
22 provided the applicant pursuant to Section 10509.4. The existing  
23 life insurance or annuity shall be identified by name of insurer,  
24 insured, and contract number. If a number has not been assigned  
25 by the existing insurer, alternative identification, such as an  
26 application or receipt number shall be listed.

27 (2) Send to each existing life insurer a written communication  
28 advising of the replacement or proposed replacement and the  
29 identification information obtained pursuant to this section and a  
30 policy summary, contract summary, or ledger statement containing  
31 policy data on the proposed life insurance or annuity. Cost indices  
32 and equivalent level annual dividend figures need not be included  
33 in the policy summary or ledger statement. This written  
34 communication shall be made within three working days of the  
35 date the application is received in the replacing insurer’s home or  
36 regional office, or the date the proposed policy or contract is issued,  
37 whichever is sooner.

38 (3) Every existing life insurer or the insurer’s agent that  
39 undertakes a conservation shall, within 20 days from the date the  
40 written communication plus the materials required in subdivisions

1 (1) and (2) are received by the existing insurer, furnish the  
2 policyowner with a policy summary for the existing life insurance  
3 or ledger statement containing policy data on the existing policy  
4 or annuity. Information relating to premiums, cash values, death  
5 benefits, and dividends, if any, shall be computed from the current  
6 policy year of the existing life insurance. The policy summary or  
7 ledger statement shall include the amount of any outstanding  
8 indebtedness, the sum of any dividend accumulations or additions,  
9 and may include any other information that is not in violation of  
10 any regulation or statute. Cost indices and equivalent level annual  
11 dividend figures need not be included. When annuities are  
12 involved, the disclosure information shall be that in the contract  
13 summary.

14 The replacing insurer may request the existing insurer to furnish  
15 it with a copy of the summaries or ledger statement, which shall  
16 be within five working days of the receipt of the request.

17 (c) The replacing insurer shall maintain evidence of the “notice  
18 regarding replacement,” the policy summary, the contract summary,  
19 and any ledger statements used, and a replacement register,  
20 cross-indexed by replacing agent and existing insurer to be  
21 replaced. The existing insurer shall maintain evidence of policy  
22 summaries, contract summaries, or ledger statements used in any  
23 conservation. Evidence that all requirements were met shall be  
24 maintained for at least three years.

25 (d) The replacing insurer shall provide in its policy or in a  
26 separate written notice which is delivered with the policy that the  
27 applicant has a right to an unconditional refund of all premiums  
28 paid which right may be exercised within a period of 30 days  
29 commencing from the date of delivery of the policy. In the case  
30 of variable annuity contracts, variable life insurance contracts, and  
31 modified guaranteed contracts, return of the contract during the  
32 cancellation period shall entitle the owner to a refund of account  
33 value and any policy fee paid for the policy. The account value  
34 and policy fee shall be refunded by the insurer to the owner within  
35 30 days from the date that the insurer is notified that the owner  
36 has canceled the policy.

37 (e) *This section shall become inoperative on July 1, 2015, and,*  
38 *as of January 1, 2016, is repealed, unless a later enacted statute,*  
39 *that becomes operative on or before January 1, 2016, deletes or*  
40 *extends the dates on which it becomes inoperative and is repealed.*



1     *SEC. 10. Section 10509.6 is added to the Insurance Code, to*  
2     *read:*

3     *10509.6. Every life insurer that uses an agent in a life insurance*  
4     *or annuity sale shall do the following:*

5     *(a) Require with or as part of each completed application for*  
6     *life insurance or annuity, a statement signed by the agent as to*  
7     *whether he or she knows a replacement is or may be involved in*  
8     *the transaction.*

9     *(b) Where a replacement is involved:*

10    *(1) Require from the agent with the application for life insurance*  
11    *or annuity: (i) a list of all of the applicant's existing life insurance*  
12    *or annuity to be replaced, and (ii) a copy of the replacement notice*  
13    *provided the applicant pursuant to Section 10509.4. The existing*  
14    *life insurance or annuity shall be identified by name of insurer,*  
15    *insured, and contract number. If a number has not been assigned*  
16    *by the existing insurer, alternative identification, such as an*  
17    *application or receipt number, shall be listed.*

18    *(2) Send to each existing life insurer a written communication*  
19    *advising of the replacement or proposed replacement and the*  
20    *identification information obtained pursuant to this section and a*  
21    *policy summary, contract summary, or ledger statement containing*  
22    *policy data on the proposed life insurance or annuity. Cost indices*  
23    *and equivalent level annual dividend figures need not be included*  
24    *in the policy summary or ledger statement. This written*  
25    *communication shall be made within three working days of the*  
26    *date the application is received in the replacing insurer's home*  
27    *or regional office, or the date the proposed policy or contract is*  
28    *issued, whichever is sooner.*

29    *(3) Every existing life insurer or the insurer's agent that*  
30    *undertakes a conservation shall, within 20 days from the date the*  
31    *written communication plus the materials required in subdivisions*  
32    *(1) and (2) are received by the existing insurer, furnish the*  
33    *policyowner with a policy summary for the existing life insurance*  
34    *or ledger statement containing policy data on the existing policy*  
35    *or annuity. Information relating to premiums, cash values, death*  
36    *benefits, and dividends, if any, shall be computed from the current*  
37    *policy year of the existing life insurance. The policy summary or*  
38    *ledger statement shall include the amount of any outstanding*  
39    *indebtedness, the sum of any dividend accumulations or additions,*  
40    *and may include any other information that is not in violation of*

1 any regulation or statute. Cost indices and equivalent level annual  
2 dividend figures need not be included. When annuities are involved,  
3 the disclosure information shall be that in the contract summary.

4 The replacing insurer may request the existing insurer to furnish  
5 it with a copy of the summaries or ledger statement, which shall  
6 be within five working days of the receipt of the request.

7 (c) The replacing insurer shall maintain evidence of the “notice  
8 regarding replacement,” the policy summary, the contract  
9 summary, and any ledger statements used, and a replacement  
10 register, cross-indexed by replacing agent and existing insurer to  
11 be replaced. The existing insurer shall maintain evidence of policy  
12 summaries, contract summaries, or ledger statements used in any  
13 conservation. Evidence that all requirements were met shall be  
14 maintained for at least three years.

15 (d) The replacing insurer shall provide on the front of the policy  
16 jacket or on the cover page of its life insurance policy or annuity  
17 contract or, alternatively, as a separate written document which  
18 is delivered with the life insurance policy or annuity contract, a  
19 notice stating that the owner has a right to an unconditional refund  
20 of all premiums paid which right may be exercised within a period  
21 of 30 days commencing from the date of delivery of the contract.  
22 In the case of variable annuities, and variable life insurance, return  
23 of the contract during the cancellation period shall entitle the  
24 owner to a refund of the account value and any policy fee paid.  
25 The account value and policy fee shall be refunded by the insurer  
26 to the owner within 30 days from the date that the insurer is  
27 notified that the owner has canceled the contract.

28 (e) This section shall become operative on July 1, 2015.

29 SECTION 1. ~~Section 786 of the Insurance Code is amended~~  
30 ~~to read:~~

31 ~~786. All individual and group disability insurance policies and~~  
32 ~~certificates, and all group life insurance policies and certificates~~  
33 ~~offered for sale to individuals age 65 or older in California shall~~  
34 ~~provide an examination period of 30 days after the receipt of the~~  
35 ~~policy or certificate for purposes of review of the contract. If the~~  
36 ~~policyholder or certificate holder chooses to cancel the policy or~~  
37 ~~certificate and returns the policy or certificate for cancellation, by~~  
38 ~~mail or other delivery method, within the 30-day examination~~  
39 ~~period, the return shall void the policy or certificate from the~~  
40 ~~beginning, and the parties shall be in the same position as if a~~

1 policy or certificate had not been issued. All premiums paid and  
2 any policy or membership fee paid shall be fully refunded to the  
3 policyholder or certificate holder by the insurer or entity in a timely  
4 manner.

5 (a) For the purposes of this section, a timely manner is no later  
6 than 30 days after the insurer or entity issuing the policy or  
7 certificate receives the returned policy or certificate.

8 (b) If the insurer or entity issuing the policy or certificate fails  
9 to refund all of the premiums and any policy or membership fee  
10 paid, in a timely manner, the policyholder or certificate holder  
11 shall receive interest on the paid premium and policy or  
12 membership fee at the legal rate of interest on judgments as  
13 provided in Section 685.010 of the Code of Civil Procedure. The  
14 interest shall be paid from the date the insurer or entity received  
15 the returned policy or certificate.

16 (c) Each policy or certificate shall have a notice prominently  
17 printed in no less than 12-point bold print, on the front of the policy  
18 jacket or on the cover page of the policy or certificate and the  
19 outline of coverage, stating that the policyholder or certificate  
20 holder, as applicable, has the right to return the policy or certificate,  
21 by mail or other delivery method, within 30 days after its receipt,  
22 and to have the full premium and any policy or membership fee  
23 paid refunded.

24 (d) If, at the time of application or at the time of delivery of a  
25 group term life insurance policy or certificate, an insurer, its agent,  
26 group master policyowner, or association collects more than one  
27 month's premium from an individual who is 60 years of age or  
28 older on the date he or she purchased coverage, the insurer shall  
29 provide the individual with a prorated refund of the premium if  
30 the individual delivers a cancellation request to the insurer during  
31 the first 30 days of the policy period.

32 SEC. 2. Section 10127.9 of the Insurance Code is amended to  
33 read:

34 10127.9. (a) (1) Every individual life insurance policy and  
35 every individual annuity contract that is initially delivered or issued  
36 for delivery in this state on and after January 1, 1990, shall have  
37 printed on the front of the policy jacket or on the cover page a  
38 notice stating that, after receipt of the policy by the owner, the  
39 policy may be returned by the owner for cancellation by mail or  
40 other delivery method to the insurer or to the agent through whom

1 it was purchased. The period of time set forth by the insurer for  
2 return of the policy by the owner shall be clearly stated and this  
3 period shall be not less than 10 days nor more than 30 days.

4 (2) The owner may return the policy to the insurer by mail or  
5 other delivery method at any time during the period specified in  
6 the notice. In the case of individual nonvariable life insurance  
7 policies and individual nonvariable annuity contracts, including  
8 modified guaranteed contracts, by delivering or mailing the policy  
9 pursuant to this section during the cancellation period, the owner  
10 shall void the policy from the beginning, and the parties shall be  
11 in the same position as if no policy had been issued. All premiums  
12 paid and any policy fee paid for the policy shall be refunded by  
13 the insurer to the owner within 30 days from the date that the  
14 insurer is notified that the owner has canceled the policy. In the  
15 case of individual variable annuity contracts and individual variable  
16 life insurance policies, return of the policy during the cancellation  
17 period shall entitle the owner to a refund of the account value and  
18 any policy fee paid for the policy. The account value and policy  
19 fee shall be refunded by the insurer to the owner within 30 days  
20 from the date that the insurer is notified that the owner has canceled  
21 the policy.

22 (b) This section applies to all individual policies issued or  
23 delivered in this state on or after January 1, 1990, but does not  
24 apply to any policy subject to Section 10127.7. All policies subject  
25 to this section which are in effect on January 1, 1990, shall be  
26 construed to be in compliance with this section, and any provision  
27 in any policy which is in conflict with this section shall be of no  
28 force or effect.

29 (c) This section does not apply to individual life insurance  
30 policies issued in connection with a credit transaction or issued  
31 under a contractual policy change or conversion privilege provision  
32 contained in a policy.

33 (d) General references to "policy" or "policies" in this section  
34 refer to both life insurance policies and annuity contracts.

35 SEC. 3. Section 10127.10 of the Insurance Code is amended  
36 to read:

37 10127.10. (a) Every policy of individual life insurance and  
38 every individual annuity contract that is initially delivered or issued  
39 for delivery to a senior citizen in this state on and after July 1,  
40 2004, shall have printed on the front of the policy jacket or on the

1 cover page a notice stating that, after receipt of the policy by the  
2 owner, the policy may be returned by the owner for cancellation  
3 by mail or other delivery method to the insurer or agent from whom  
4 it was purchased. The period of time set forth by the insurer for  
5 return of the policy by the owner shall be clearly stated in the  
6 notice and this period shall be not less than 30 days. The owner  
7 may return the policy to the insurer by mail or other delivery  
8 method at any time during the period specified in the notice. During  
9 the 30-day cancellation period, the premium for an individual  
10 variable life insurance policy or an individual variable annuity  
11 contract may be invested only in fixed-income investments and  
12 money-market funds, unless the owner specifically directs that the  
13 premium be invested in the mutual funds underlying the variable  
14 life insurance policy or variable annuity contract. Return of the  
15 policy within the 30-day cancellation period shall have one of the  
16 following effects:

17 (1) In the case of individual variable life insurance policies and  
18 individual variable annuity contracts for which the owner has not  
19 directed that the premium be invested in the mutual funds  
20 underlying the policy during the cancellation period, return of the  
21 policy during the cancellation period shall have the effect of  
22 voiding the policy from the beginning, and the parties shall be in  
23 the same position as if no policy had been issued. All premiums  
24 paid and any policy fee paid for the policy shall be refunded by  
25 the insurer to the owner within 30 days from the date that the  
26 insurer is notified that the owner has canceled the policy.

27 (2) In the case of individual variable life insurance policies and  
28 individual variable annuity contracts for which the owner has  
29 directed that the premium be invested in the mutual funds  
30 underlying the policy during the 30-day cancellation period,  
31 cancellation shall entitle the owner to a refund of the account value  
32 and any policy fee paid for the policy. The account value shall be  
33 refunded by the insurer to the owner within 30 days from the date  
34 that the insurer is notified that the owner has canceled the policy.

35 (b) This section applies to all individual life insurance policies  
36 and all individual annuity contracts issued or delivered to senior  
37 citizens in this state on or after January 1, 2004. All policies subject  
38 to this section which are in effect on January 1, 2003, shall be  
39 construed to be in compliance with this section, and any provision

1 in any policy which is in conflict with this section shall be of no  
2 force or effect.

3 (e) ~~Every individual nonvariable life insurance policy and every~~  
4 ~~individual nonvariable annuity contract, including modified~~  
5 ~~guaranteed annuity contracts, subject to this section, that is~~  
6 ~~delivered or issued for delivery in this state shall have the following~~  
7 ~~notice printed on the front of the policy jacket or on the cover page~~  
8 ~~in 12-point bold print with one inch of space on all sides, using~~  
9 ~~the exact language in quotation marks below, with whichever one~~  
10 ~~of the three bracketed product descriptions that applies to the~~  
11 ~~product on which the notice appears:~~

12  
13 “IMPORTANT!

14  
15 You have purchased a [life insurance policy or annuity contract  
16 or modified guaranteed annuity contract]. Carefully review it for  
17 limitations.

18 This policy may be returned within 30 days from the date you  
19 received it for a full refund by returning it to the insurance company  
20 or agent who sold you this policy. After 30 days, cancellation may  
21 result in a substantial penalty, known as a surrender charge.”

22  
23 The sentence “After 30 days, cancellation may result in a  
24 substantial penalty, known as a surrender charge” may be deleted  
25 if the policy does not contain a surrender charge. The phrase  
26 “known as a surrender charge” may be deleted if the policy contains  
27 a penalty but no surrender charge. If the policy contains both a  
28 penalty, or penalties, and a surrender charge, the sentence shall  
29 state that cancellation may result in “substantial penalties, including  
30 a surrender charge.” Whether a charge constitutes a surrender  
31 charge or a penalty shall be determined by the nature of the charge  
32 and not the name given to the charge by the insurer. If the surrender  
33 charge is called a “withdrawal charge” in the policy, the insurer  
34 shall add the following sentence at the end of the notice:

35 “In this policy the surrender charge is called a ‘withdrawal  
36 charge.’”

37 (d) ~~Every individual variable life insurance policy and every~~  
38 ~~individual variable annuity contract subject to this section, that is~~  
39 ~~delivered or issued for delivery in this state, shall have the~~  
40 ~~following notice printed on the front of the policy jacket or on the~~

1 cover page in 12-point bold print with one inch of space on all  
2 sides, using the exact language in quotation marks below, with  
3 whichever one of the two bracketed product descriptions that  
4 applies to the product on which the notice appears:

5  
6 “IMPORTANT!  
7

8 You have purchased a [variable life insurance policy or variable  
9 annuity contract]. Carefully review it for limitations:

10 This policy may be returned within 30 days from the date you  
11 received it. During that 30-day period, your money will be placed  
12 in a fixed account or money-market fund, unless you direct that  
13 the premium be invested in a stock or bond portfolio underlying  
14 the policy during the 30-day period. If you do not direct that the  
15 premium be invested in a stock or bond portfolio, and if you return  
16 the policy within the 30-day period, you will be entitled to a refund  
17 of the premium and any policy fee paid. If you direct that the  
18 premium be invested in a stock or bond portfolio during the 30-day  
19 period, and if you return the policy during that period, you will be  
20 entitled to a refund of the policy’s account value on the day the  
21 policy is received by the insurance company or agent who sold  
22 you this policy, which could be less than the premium you paid  
23 for the policy, plus any policy fee paid. A return of the policy after  
24 30 days may result in a substantial penalty, known as a surrender  
25 charge.”

26  
27 The sentence “A return of the policy after 30 days may result in  
28 a substantial penalty, known as a surrender charge” may be deleted  
29 if the policy does not contain a surrender charge. If the policy  
30 contains both a penalty, or penalties, and a surrender charge, the  
31 sentence shall state that cancellation may result in “substantial  
32 penalties, including a surrender charge.” The phrase “known as a  
33 surrender charge” may be deleted if the policy contains a penalty  
34 but no surrender charge. Whether or not a charge constitutes a  
35 surrender charge or a penalty will be determined by the nature of  
36 the charge and not the name given to the charge by the insurer. If  
37 the surrender charge is called a “withdrawal charge” in the policy,  
38 the insurer shall add the following sentence at the end of the notice:

39 “In this policy the surrender charge is called a ‘withdrawal  
40 charge.’”

~~(e) If the individual annuity contract is an immediate annuity contract, the following sentence, using the exact language in quotation marks below, in 12-point bold print, shall be added at the end of the right to examine language required by this section and before the one inch of space:~~

~~“After the 30-day period has expired, you may not be able to get your purchase payment money back in any manner, or in any manner other than in annuity payments made according to the terms of your contract. The insurance company or agent who sold you this contract can explain if your contract has these restrictions.”~~

~~(f) This section does not apply to life insurance policies issued in connection with a credit transaction or issued under a contractual policy change or conversion privilege provision contained in a policy.~~

~~(g) For purposes of this chapter, a senior citizen means an individual who is 60 years of age or older on the date of purchase of the policy.~~

~~(h) General references to “policy” or “policies” in this section refer to both life insurance policies and annuity contracts.~~

~~SEC. 4. Section 10127.13 of the Insurance Code is amended to read:~~

~~10127.13. (a) All individual life insurance policies and individual annuity contracts for senior citizens that contain a charge upon surrender, partial surrender, excess withdrawal, or penalties upon surrender shall contain a notice disclosing the location of the charge, the charge time period, the charge information, and any associated penalty information, in bold 12-point print on the front of the policy jacket or on the cover page of the policy.~~

~~(b) A policy shall have just one cover page. If the notice required by this section and the statutorily required right to examine notice are both on the cover page, as opposed to the front cover of the policy jacket, they shall appear on the same page.~~

~~(c) General references to “policy” in this section refer to both life insurance policies and annuity contracts.~~

~~SEC. 5. Section 10509.6 of the Insurance Code is amended to read:~~

~~10509.6. Every life insurer that uses an agent in a life insurance or annuity sale shall do the following:~~



1     ~~(a) Require with or as part of each completed application for~~  
2     ~~life insurance or annuity, a statement signed by the agent as to~~  
3     ~~whether he or she knows a replacement is or may be involved in~~  
4     ~~the transaction.~~

5     ~~(b) Where a replacement is involved:~~

6     ~~(1) Require from the agent with the application for life insurance~~  
7     ~~or annuity: (i) a list of all of the applicant's existing life insurance~~  
8     ~~or annuity to be replaced, and (ii) a copy of the replacement notice~~  
9     ~~provided the applicant pursuant to Section 10509.4. The existing~~  
10    ~~life insurance or annuity shall be identified by name of insurer,~~  
11    ~~insured, and contract number. If a number has not been assigned~~  
12    ~~by the existing insurer, alternative identification, such as an~~  
13    ~~application or receipt number shall be listed.~~

14    ~~(2) Send to each existing life insurer a written communication~~  
15    ~~advising of the replacement or proposed replacement and the~~  
16    ~~identification information obtained pursuant to this section and a~~  
17    ~~policy summary, contract summary, or ledger statement containing~~  
18    ~~policy data on the proposed life insurance or annuity. Cost indices~~  
19    ~~and equivalent level annual dividend figures need not be included~~  
20    ~~in the policy summary or ledger statement. This written~~  
21    ~~communication shall be made within three working days of the~~  
22    ~~date the application is received in the replacing insurer's home or~~  
23    ~~regional office, or the date the proposed policy or contract is issued,~~  
24    ~~whichever is sooner.~~

25    ~~(3) Every existing life insurer or the insurer's agent that~~  
26    ~~undertakes a conservation shall, within 20 days from the date the~~  
27    ~~written communication plus the materials required in subdivisions~~  
28    ~~(1) and (2) are received by the existing insurer, furnish the~~  
29    ~~policyowner with a policy summary for the existing life insurance~~  
30    ~~or ledger statement containing policy data on the existing policy~~  
31    ~~or annuity. Information relating to premiums, cash values, death~~  
32    ~~benefits, and dividends, if any, shall be computed from the current~~  
33    ~~policy year of the existing life insurance. The policy summary or~~  
34    ~~ledger statement shall include the amount of any outstanding~~  
35    ~~indebtedness, the sum of any dividend accumulations or additions,~~  
36    ~~and may include any other information that is not in violation of~~  
37    ~~any regulation or statute. Cost indices and equivalent level annual~~  
38    ~~dividend figures need not be included. When annuities are~~  
39    ~~involved, the disclosure information shall be that in the contract~~  
40    ~~summary.~~

1 The replacing insurer may request the existing insurer to furnish  
2 it with a copy of the summaries or ledger statement, which shall  
3 be within five working days of the receipt of the request.

4 (e) ~~The replacing insurer shall maintain evidence of the “notice~~  
5 ~~regarding replacement,” the policy summary, the contract summary,~~  
6 ~~and any ledger statements used, and a replacement register,~~  
7 ~~cross-indexed by replacing agent and existing insurer to be~~  
8 ~~replaced. The existing insurer shall maintain evidence of policy~~  
9 ~~summaries, contract summaries, or ledger statements used in any~~  
10 ~~conservation. Evidence that all requirements were met shall be~~  
11 ~~maintained for at least three years.~~

12 (d) ~~The replacing insurer shall provide on the front of the policy~~  
13 ~~jacket or on the cover page of its life insurance policy or annuity~~  
14 ~~contract or, alternatively, as a separate written document which is~~  
15 ~~delivered with the life insurance policy or annuity contract, a notice~~  
16 ~~stating that the owner has a right to an unconditional refund of all~~  
17 ~~premiums paid which right may be exercised within a period of~~  
18 ~~30 days commencing from the date of delivery of the contract. In~~  
19 ~~the case of variable annuities, and variable life insurance, return~~  
20 ~~of the contract during the cancellation period shall entitle the owner~~  
21 ~~to a refund of the account value and any policy fee paid. The~~  
22 ~~account value and policy fee shall be refunded by the insurer to~~  
23 ~~the owner within 30 days from the date that the insurer is notified~~  
24 ~~that the owner has canceled the contract.~~